

PART III

ADVERTISING AND SELLING

COORDINATION There are two methods which can be utilized by the cigar manufacturer to secure sales; namely, advertising and distribution. Separating these two media is not possible without breaking the harmony which results from their coordinated efforts. The cigar trade feels that advertising cannot stand alone, until the field is narrowed down to a few national manufacturers, as has been done in the cigarette trade. In the field of cheaper cigars the emphasis has been distinctly more on advertising than on selling. but where a cigar is sold on quality, advertising is more on a par with selling to the retailer.

 If advertised products are not on display where a customer wishes to buy the item, the advertising has become powerless. If a customer is acquainted with a product only when he sees it on sale, he forgets about it. Whether distribution is the cure of all selling ills, as it was long supposed to be in cigar marketing, is very doubtful. Advertising and distribution must develop together, not along distinct lines but coupled with each other, to be of most benefit to sales.

Expenditures for advertising and selling do not have to cover every means and possibility of producing sales. The constant rotation from one thing to another in selection of the media for advertising and the technique of selling has left the cigar manufacturers in the position of not knowing what has been successful and what has been only partially so. Mediocre success has been too prevalent in the cigar trade and more security and soundness of marketing methods might easily find their place.

Cigars have a very peculiar position in regard to the consumers who buy them. Not only is the market composed of all men, but the men are mature and presumably reasonable. The cigar does not offer the smartness and style which most products made only for men do, and hardly holds any interest for men until they have reached the marriageable age, at which time they are less affected by words. The delicate situation results that a product must be sold to buyers unable to judge the quality and too often unaffected by the presentation of words and pictures. Not that quality or advertising are without their effect on the consumer, but the expense of overcoming brand sales resistance is high and not necessarily spent in the right direction.

Advertising founded on fact and not on fancy, will be beneficial to cigars, for the intelli-

gence of the public is increasing. The appeal of the "intangible" in advertising is diminishing and cigar manufacturers are practically forced to begin afresh in educating cigar smokers to the merits of tobacco. The salesmen have tried to teach the retailers to assist in providing consumers with an unbiased opinion of tobacco quality, and an honest one, but reliance on an individual behind the counter to convey what the cleverest advertising has not yet done is hardly wise.

There is a fear that the brand name of a cigar will never be able to impress cigar smokers sufficiently. The cigar trade, as a whole, is too upright to attempt deceiving the consumer, with the result that there is an evident lack of copy for advertising and no convincing selling standards. The cigar has been the same for a long time and offers no novelty, but it is merely another difficulty of business to overcome a disadvantage which has grown up with cigar marketing.

SALES OFFICES AND SALESMEN Whether sales are being made nationally or locally, a cigar manufacturer with a volume of 5,000,000 cigars per year, usually finds it necessary to have a specific sales department which sends its agents to retailers to obtain distribution. Some may choose exclusive wholesalers; some may operate a branch sales office; and others may merely control salesmen in a territory. Whatever base is used for

selling will be held responsible for all the sales in a district, as quotas which are set can be determined accurately.

The budget system has been successfully used by the Bayuk Cigars, Incorporated, after its reorganization by banking interests, but has not been generally applied. Profitable sales units and unprofitable ones cannot be emphasized or dropped when a national brand must be established. The sales forecast is as far as the majority of companies care to go, for all expenses and appropriations seem to be made on the basis of 1000 cigars or on a definite percentage of sales. Production cost is constant enough to budget accurately, but sales offices are too intangible in their benefit to provide budget figures. The constant effort of building sales which will take place for a long while to come, will not bar any expenditure which has a chance to produce good will.

The sales office is not as big an expense as it might seem at first. The direct selling manufacturers are almost able to pay for salesmen's salaries, expenses and a sales office with the additional money they get for supplying service to small accounts. There will always be a need of someone to handle the retail store advertising and the salesmen

make the sales office a shipping office, a collection office and an advertising distributing center.

To cover the entire area of metropolitan Boston (See Appendix C for characteristics of this center) requires 8 men, but there are no companies which will put that many salesmen in the district, being satisfied with the jobber supplying certain outlets. The number of salesmen employed by various companies for Boston are as follows;

Alles and Fisher	5
General Cigar Co.	5
R. G. Sullivan Co.	4
G.H.P. Cigar Co.	4
Bayuk Cigars, Inc.	6 (Breaking into the Boston market)
Joseph L. Manning Co.	14 (Selling Blackstone & Cremo and performing wholesale function)
S. S. Pierce Co.	2 (Selling cigars only)

Salesmen are rigidly controlled from the sales office. They receive a straight salary in most cases with adjustments for sales expenses. The majority are given the company's cars to drive around in, and often use truck bodies, due to the large quantity of cigars they sell during the day.

The newspapers furnish routes to cover

various types of stores and from this information salesmen can be definitely routed 30 days or more in advance. Included in the group of locations which a salesman calls on are restaurants, lunch counters, cigar stores and stands, drug stores and parties capable of giving concessions for sales to such gatherings as at circuses, ball parks, night clubs, speakeasies, public exhibits and sports. Opportunities for sales are constantly changing and besides improving the regular retailers' purchases they must be alert for new openings through which to distribute their product.

It may appear rather odd that salesmen of competing companies are all doing the same thing. Actually they have tried to grow out of the class of order takers, but sales instruction from the general offices of the larger companies has been so uniform that the retailer is unaffected by it. The salesmen are keyed up to ask for the impossible, and during the time direct selling has been applied, the vehemence and energy of cigar salesmen have produced results which could not be estimated.

The attitude of the salesmen is false. They are virtually "too sold" on their product to realize that they might be performing a function of which the retailer will soon tire. Though the average

small purchaser of cigars may be extremely ignorant, there comes a time when he will see the pressure which is being applied to him as a means of using him for the manufacturer's ends. Salesmen do not realize that the retailer makes almost as much profit from one cigar as another. If it is going to be a matter of the greatest profit for the retailer, the state of bribery and "shaking the Christmas tree" will be no improvement over the similar methods which were used on the wholesaler in former days. The cigar sales departments tried to get away from competing by offering larger profits to distributors and still are falling back on that method as the surest for temporary success.

The salesmen are real tools. They are divided into two classes, the one group who sells to the smaller retailers, the other group whose job it is to work on very large accounts. The same man is not applicable to both and in many companies the two types of men are not separated. The "small talk" artist cannot apply his skill in selling large accounts and care should be taken to put salesmen in places where they belong.

SALESMEN' CALLS In a small community there are key outlets. Whether it is the druggist or a restaurant the group of retailers in the neighborhood will know how well cigars are being sold in that place and

what brands seem to move best. The salesmen are therefore faced with the problem of finding out where to put the most sales emphasis. Consumers who can obtain branded goods only at a key outlet, soon ask for the product in the neighboring stores. The big retailer will not follow what the small retailer does, chiefly because the small retailer very rarely does something which is not a copy. Original ideas are scarce among the type of men who retail cigars and the salesman wedges his opening by suggestions.

In securing a new outlet the first decision must be made as to whether a retailer is worth going after. The possible volume which the retailer might obtain is either a permanent type of expansion to be cared for or a prospect for the wholesaler as an order taker. If, therefore, a dealer is worth going after to sell, he is worth keeping after until he is sold.

There are two questions which immediately confront the salesman. He must decide how many calls he will make before he stops calling and how often he must call before the dealer buys. In an investigation in placing new accounts the following data was obtained:

- 48.2 salesmen made 1 call and stopped.
- 24.4 salesmen made 2 calls and stopped.
- 14.7 salesmen made 3 calls and stopped.
- 12.7 salesmen made 4 calls or more.

Out of these 100 average salesmen the results obtained were quite striking. Slightly over 60% of the placement sales were made on or after the fifth call. Therefore, 88% of the salesmen eliminated themselves from 60% of the business by cessation of calls before the dealer was brought up to the buying point.

National distribution depends on new placements and there is no use flinching from the work it takes to obtain outlets. Not that one should waste his time "watering dead plants" but that a salesman must drive his brand into greater distribution with impish persistence.

Once the dealer has bought a brand, as is the case with local brands, and old established national brands, a salesman finds his approach expected and can continue the good impression which he has established. After a certain length of time the salesman ought to be able to tell the retailer to buy from the wholesaler whenever additional stock is required, for if the salesman becomes an order taker it is cheaper to let the wholesaler perform that function. Good salesmen know when to drop a dealer from their regular calling list and visit him less often. Dealers who need constant urging to buy should never be put at the mercy of the wholesaler, because the wholesaler has exclusive brands to sell and will easily replace those brands which the salesman has spent so much time in locating.

Some companies have never released a customer to a wholesaler if he can be sold directly and the problem which they have overcome has been to decrease the actual sales expense per call.

One salesman may rush through his calls and another may idle his time in creating "superfluous goodwill" with long, overdrawn visits. The length of time a salesman spends with a customer must be dependent on what he can sell in a given area. A salesman must never be crowded for time and his sales volume will indicate how well he is handling his territory. In a large metropolitan center such as Boston, with practically 2,300,000 inhabitants, there is a minimum of 5 outlets per 1000 people. The salesmen therefore have 11,500 outlets to watch if they attempt to tackle the entire city in place of localizing their efforts. Attempting more than 800 calls per month is only possible where a salesman has coaxed a dealer to buy from a jobber or merely delivers cigars. It appears that the eight salesmen who are needed to cover the area are in most cases substituted by five. More efficient salesmanship? No, just an efficient way of obtaining distribution. Either salesmen must watch their dealers closely or not at all. The very fact that it is unprofitable to put more salesmen into the district shows that the method of producing demand

through distribution is not as productive as it appears.

The area bounded by the Charles River, North Station, Fort Point Channel and the Northampton Street line in Boston contains 7000 cigar outlets. In examining the distribution which is maintained, there are few companies which would be satisfied. The only national brand which has attained practically complete distribution was the Cremo cigar which has since fallen back from its hold. At the peak of the Cremo distribution campaign 500,000 cigars were sold in Boston in a week to the dealers to obtain complete coverage, necessitating the donation of about 50 cigars per 1000 bought. The Cremo method is one way of distribution, but the J.A., 7-20-4 and Overland cigars in a higher class field have done a better job in presenting their goods for sale by building up the brand name.

SALESMEN'S TECHNIQUE The good cigar salesman is armed with many defenses against any opposition a dealer may have to buying his brand of cigars. He is equipped to show the dealer that the two of them are both salesmen and, if they work together, each can make a nice profit. A showing of personality and interest usually is coupled with the desire to sell, and in marketing cigars, everything must be done to help the

retailer sell what he has bought.

The easiest way to convince the dealer that cigars of a certain brand should be bought is to offer him financial inducements. Many companies have found that if they buy the privilege of having a box in front of the case the dealer will leave it there until the salesman returns and then attempt the collection of another bribe. Salesmen of cigars should have nothing to give away to the dealer, but should give their advice and skill in making profits for him. The spoiling of small dealers which has taken place in the last few years through free goods has destroyed the meaning of the discounts and has amounted to 3% of the cigars sold by salesmen. Where expectation of something for nothing exists any efforts of selling are interpreted as something for which the dealer is being paid to listen to.

Helping the dealer make a profit on cigars may be done by a world of methods. The retail price must first be set for him and he must know the profit which is made if he pushes a certain brand of cigars. The realization that a dealer practically has cigars on concession should be made quite evident so that the privilege of arranging the cigar counter may be allowed.

It is said that often a cigar salesman acts like an advertising man, and the cigar sales manager's answer is that the more of an advertising man he is

the better. Store advertising plays one of the biggest parts in producing sales. When a customer goes to a cigar counter the best way to sell him a definite brand is to have that brand visible and outstanding. There used to be a value in having the cigar in the front of the case, but this has been superceded by the privilege of putting the cigars on the top of the case. A consumer's mind is not always made up and when he walks into a store with the subconscious effects of advertising preying on his brain, the sight of the first cigar has its powerful influence on what brand is bought.

If the cigar is going to strike the eye it must be in a box which is attractive and neat. The cigars all look alike but the inside cover of the top of the box is the center which the eye reaches. The salesmen are exerting their efforts toward getting this undercover into view and the least the parent company might do is provide their cigar boxes with designs which appeal. In examining several of the box tops the most inartistic and coarse presentations are made. The new Cremo picture is outstandingly ugly, sticking close to the old traditions of meaningless gold medals, awkward people, detailed design and ornamented trappings. The cigarette has modernized its packages and the cigar in the main, refrains from

appealing with modern commercial art. Compared to the Cremo undercover is the Havana Ribbon design which is clean cut and attractive from a considerable distance.

Display traditions have been broken. Cigars have crowded their way with other articles on the top of the cigar counters and cases. The five cent cigar has aimed chiefly for the predominant position and has increased cigar volume in small stores because of its open display. Salesmen have demanded improved size and appearance of the boxes because: (1) it makes the dealer more conscious of the presence of the cigars, (2) it helps in obtaining higher distribution, and (3) it accelerates sales at the cigar counter. The size of the boxes has been decreased so that a prospective purchaser may visualize the shape, color, size and label always near the top of the box. The fact that a box is white on the bottom and approaching emptiness encourages some people to buy, but salesmen cannot afford to have this situation exist and often buy the remaining few from the dealer to sell him another box.

The top of the counter offers opportunity to display boxes of cigars in many ways. Metal clips to hold boxes together, braces to support the covers and wire stands to set boxes on are furnished by the

companies to their salesmen to distribute. Layers of cigars piled up diagonally, topped by attractive price cards and cardboard designs, present a tempting picture to the cigar smoker. The consumer may help himself to the cigars as he is doing with many other commodities and be constantly reminded that cigars are on sale.

Salesmen have done a considerable amount of work in cleaning up the dealer's cigar counter. In former days the cigar case was crowded with an assortment of articles, poorly lighted and disorderly. Suggestions as to new, stepped shelving and new arrangement of stock were very pleasantly accepted as improvement. In doing this work the salesmen got a chance to decorate the inside of the counter with advertising strips for the upper lighted section and large cards to cover the lower half of the case which is better for storage of packs, full boxes and cartons of cigarettes. Where these large advertising cards have been cut to size, and fit in well with the appearance of the counter, they are almost permanent advertising.

Continuing to improve the counter the salesman used to distribute change trays which are convenient for the retailer to have. In this way the customer is exposed to the name of a cigar brand each time he looks at his change. The gas cigar lighter

has had metal strips put on it to advertise brands and R. G. Sullivan (7-20-4) has gone so far as to place 180 electric cigar lighters in places where no other advertising is possible - hotels, fine restaurants and theatres. Installation of this equipment costs the company \$5.00 each with the addition of maintenance except for electric power costs. Copy which is placed in these lighters is changed and they serve as a dignified and valuable advertisement. S. S. Pierce Company have recently begun decorating behind the cigar counter on the wall. The trade mark of the Overland cigar, a passing train, has been attractively painted on canvas and in some cases framed and hung on the wall, assuming that the consumer is more liable to look above than below to the display cards.

Not at all limited to the cigar counter, the salesman sets to work to obtain space from the retailer. It is the owner of the store who must be convinced of the value of any other advertising placements. The more common advertisements of this nature are window displays, transparencies, posters, calendars and special sale and contest circulars.

Window displays are only good for the help they bring to the cigar manufacturer. They are not to make the dealer buy cigars, for in many cases

the dealer is allowed a 2% display allowance on his purchases. Window displays are expensive and a definite number are made for placement. In Boston, Bayuk Cigars, Inc. gives 500 window displays out twice a year. The window of the dealer is dressed by the salesman, if necessary. In stores where there are crowds of people it is often advantageous to erect a display on the inside on top of a shelf or counter, but in most cases the front window is the only worth while position.

The effectiveness of the window display is great. Consumers looking in an attractive window remember the brand name and give the dealer credit for the attractive window. The advantages to the dealer of a distinctive display were tested when an offer of fifty free Havana Ribbon cigars was made for guessing the number of packs in a display. The winner was winning \$2.00 worth of merchandise from the company and the following results were obtained:

1. In 8 days 2000 Havana Ribbons were sold, netting \$100
2. In submitting answers 150 people entered the store.
3. The winner praised both the brand and the dealer exclaiming his good fortune.

Placards, transparencies, posters and signs, when well placed, sell a cigar brand to the dealer and to the consumer when the salesman is away. The dealer's goods may be rearranged to locate a sign; his

windows might need cleaning before a transparency can be put up, but the salesman must get the advertising located properly. Price changes and special offers may be suggested by the cigar company through posters and printed announcements of new packaging, sizes or types of cigars keep the dealer up to date in his silent contact with the public.

The cigar salesmen in their routes make personal contacts which are too valuable to release without trying to make brand smokers out of them. The salesmen are allotted cigars and money which they are to use for securing brand prominence, and in one well run sales organization 150 cigars and \$5.00 cash are used each week by a salesman. If a customer is in a dealer's store, not buying cigars, it is quite proper and convincing to offer him a cigar and tell him that he will be able to obtain them there in the future. Sampling in general is not advantageous in cigar distribution, but where an individual can be used to increase dealer good will as well as be a consumer of the brand, the free cigar is good advertising. Salesmen have found firemen to be good for cigar sampling. If the firemen like a certain brand of cigars which the salesmen have given them, all the dealers in the neighborhood are practically forced to carry the brand. Cigar salesmen have many contacts with other salesmen

and friends and in that way can do efficient sampling for the manufacturing company.

Advertising novelties are always sought by salesmen. The knife, ash tray, cigar cutter, pencil, letter opener and cigar case are old methods of keeping a brand name alive. Anything which is distributed by one set of salesmen will soon be copied by another, and a sudden effective stunt is at a large premium. El Producto cigars have recently hung signs below clocks announcing that daylight saving time is in effect. A man dressed in the styles of the '90s, walking through the streets with a suitcase marked with a cigar brand name has been used successfully. A float such as an old railroad engine or car will attract men and expose them to a cigar name. The small and detailed means of advertising have their cycles and cigar manufacturers have in the past resorted to unusually clever schemes which at present are not so popular.

ADVERTISING MEDIA The localization of the cigar industry which existed with undisputed power advertised through permanent signs on the dealers' stores primarily. When a new shop was being opened cigar manufacturers offered to paint the building, erect the sign, put borders on the windows, and generally liven the appearance of the store. Advertising of this type

still exists with the names of many cigar brands rusted into the framework of the buildings, but the cost of the up-to-date sign would be more than a manufacturer could bear. Painted exteriors and painted glass are still a worthwhile advertisement, but the feeling is that consumers are so saturated with the sameness of these signs that they practically do not see them.

Small expenditures for advertising are easily understood by the cigar manufacturers, but there was a specific delay in the appreciation of classing large advertising budgets as necessary expense. The local manufacturers still sway toward the short, snappy promulgation of the brand name and chief qualities, but the national group are more and more swinging to a steady consistent program, unshaken by the seasonal variations and unimpaired by capital requirements.

The only advertising media which are not applicable to cigar advertising are those which either deal chiefly with women or directly with the individual consumer (mail, circular, etc.). The chief forms are, therefore, newspaper, magazine, outdoor and radio advertising. In the tobacco industry the advertising dollar has usually had 80% spent in the newspapers, if outdoor advertising is neglected. Magazines were given twice as much advertising in 1930 as radio broadcasting, but there is no policy at present in the

tobacco industry as to the medium ratios.

In national advertising the year 1930 seemed to be normal with a total expenditure of \$512,000,000 which was spent in the following proportions:

Newspaper	44.0%
Magazine	39.5%
Outdoor	9.5%
Radio	5.5%
Car Card	1.5%

The tobacco has never found this proportion of expenditures correct, due to the peculiarities of their product and cigar manufacturers have never been sure of their media - perhaps on account of copy.

CIGAR ADVERTISING COPY Cigar advertising appeals to all classes of man. Selling to the masses is the new problem, now that this country has not one but many good five cent cigars. If the group whom the advertising will reach is going to be limited by sex, wealth, age and intelligence, there may be no reason to contract for it. Fortunately the boundaries of the group which is sought have receded considerably and advertising copy may have a little freer sway than it appeared to have at first.

There has always been a dearth of copy for cigar advertising. Primarily, as has been pointed out,

the consumer knows practically nothing about tobacco and no actual facts about tobacco quality will be understood. When a quality product searches for something else to emphasize besides its quality, the scarcity of copy may be realized. The tendency has been toward things which interest men, chiefly consisting of sports, with the result that soon the natural desire of being distinctive to make advertising effective, found all varieties of copy being used in cigar advertising.

White Owl cigars are using a picture of a front page of a newspaper in their newspaper, magazine and outdoor advertising. "Believe it or not" has been prepared with relevance to cigar smoking. Humor has been tried out, along with the instruction "Smoke in this world and not in the next." The radio has featured music and small talk of interest to men. Cleanliness has been emphasized; but taken as a whole cigar advertising merely states that the certain brand is "undoubtedly the best" and gives no good reason for it. The copy states "Its a great cigar", "Famous for quality", "The good five cent cigar America needed", "The very best", "For real enjoyment", "The best of the best", "The cigar that wins" and many other trite statements. Apparently the cigar advertisers are slowly working down to the moronic type of advertising which

has made cigarette so successful after hedging from it for a long period because of the apparent presumption that older men would not be affected by meaningless word pies. But if ethics must govern advertising, the cigar business can hardly step out of line in its present condition and lose sales which might be developed.

The most radical piece of copy in the cigar industry has been the Creme spit campaign. In the opinions of some authorities cigar smokers were turned away by the thought of spit as being connected with fine tobacco; others feel that those who never thought cigars were clean began smoking; but finally the counteraction of other cigar brands through honest facts and bitter reproaches seems to have kept conditions unchanged. The fact that in 1918 a medical test on cigars showed no pathogenic or pyrogenic bacteria present satisfied authorities that the American Cigar Company was typically uninformed. The continuation of the "finished under glass" feature is not dishonest but deceitful in that the entire machine process is in the open room and the final inspection and tipping is done under a little piece of glass projecting over the table.

Advertising reaction to brand stimulus is mostly subconscious. The reaction as to whether to consume the product or not is a clearly conscious

decision. Cigar copy must attempt to accomplish both reactions; (1) to aid the sales of a given brand among cigar smokers, and (2) to increase cigar smoking in general. Too many advertisers feel as though the second ideal will come naturally with the first, and are unwilling to help another to greater profits by increasing his sales. Cigar manufacturers met at one time to adopt a program of advertising. "Be a man and smoke a cigar", which might have been a very effective slogan in crushing cigarette smoking. It was not because some of the big manufacturers of cigars also made cigarettes and would be battling themselves. (There is more net income in cigars than cigarettes, for with one package of cigarettes being smoked to each cigar at present, with taxes deducted, the yield is $6\frac{1}{2}\%$ each when two packages of cigarettes are sold and $6\frac{1}{2}\%$ each for cigars which average well over two per sale.) but because of jealousies within the industry. Each manufacturer is willing to tell the other how much to spend for his advertising, but none are willing to accept a figure as a minimum advertising expenditure. The uncertainty of finding different copy is perplexing, but none know exactly what to spend.

ADVERTISING EXPENDITURE Most cigar manufacturers have been believers of the theory of excess coasting in advertising. Keeping the brand name in the mind of

the public with a vigorous program precedes a period of as long as 8 months of total silence often. The group is nevertheless dividing and either advertising continually or not enough to amount to anything.

Advertising serves more than to create demand for cigars. Banks have expressed their preference to aid cigar industries who advertise and have turned down loans to those who do not. The lack of advertising in the cigar field as a whole has made the governmental officials and congressmen prejudiced against the industry and of the belief that cigars are much more luxurious than cigarettes. The result is that with an increase in internal revenue needed the rate of \$10.00 per 1000 has been suggested for all cigars, a change which would crush the five cent cigar trade, due to the \$8.00 increase per 1000, while cigarettes would have their tax reduced.

The determination of the correct standard for expenditure in advertising a branded product is difficult. Large cigar manufacturers have based their expenditures on sales, amounting to from 5 to 8% of the average sales over a period of years. Many feel that advertising must have an immediate effect and base their advertising budgets on the actual sales over the previous year. When sales fall advertising becomes more necessary and should be the reciprocal

of sales income, but cash position forces smaller companies to govern advertising budgets by earnings.

The following expenditures are for newspaper advertising over a period of 5 years, illustrating the inconsistency of policy with the extravagance in rich years and the retraction in poorer years:

<u>Company</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>	<u>1930</u>
Bayuk Cigars	\$ 170	\$265	\$250	\$330	\$250
Congress Cig. Company	400	400	400	500	300
Consol. Cig. Company	505	500	1,200	1,400	700
Gen. Cigar Co.	925	950	1,000	1,400	1,600
R. G. Sullivan	-	110	110	100	70
V. Slyke & Horton	125	85	70	90	25

Note: Figures are given in thousands of dollars.

It may be a wise policy not to advertise at all. If national cigars conduct vigorous campaigns, the local manufacturers usually save their money. Putting little spots of advertising in various media to satisfy one's self that advertising is still being done is throwing money away. The smaller manufacturers are more or less drawn into the field of advertising when they should not be, but the wiser ones have swung to brilliant permanent advertisements, such as neon signs, etc., as a defensive measure.

S. S. Pierce Company are at a strict advantage in regard to advertising. A budget of slightly over 1% of sales satisfied their needs because they have the unique advantage of being in the grocery business besides selling Overland cigars. With over 100 grocery trucks constantly on the street, the company finds cigar advertising the most profitable for placards on the trucks and obtains priceless advertising without direct cost.

NEWSPAPER ADVERTISING Newspaper advertising with its advantages of circulation, change of copy, repetitive impressions and preferential location, with certain types of news, offers the biggest opening for cigar advertising. The sport section has usually been selected as the place for the copy to appear, but the advantages of preferential position have become fewer as more cigar inserts appear in close proximity. Cigar advertisements, therefore, have become more or less scattered throughout the papers, wherever men usually are accustomed to read.

In an urban center there are many types of newspapers, catering to distinct classes of people in some cities and to all classes in others. Boston supports six newspapers and four of these have Sunday editions. The Boston Transcript is sold to a conservative, nationally minded and distinguished group, in the

main, while the Boston Daily Record finds its purchasers among the lowest of the working classes. The other four papers have an average group of readers and find heavy circulation far into the suburbs of the city.

Cigar advertising is considered as national advertising in the newspapers, because all the readers who are reached are affected by its copy. Local advertising is classed as that type of insertion which only is applicable to the residents of the local district. National advertising pays a rate which is considerably in excess of the local rate and on that account is privileged to select the position for the insert. The rate per line (1/14 inch long and a column wide) in Boston is on the millene system, and a single run of an advertisement includes both the morning and evening editions of a paper in case it is sold in that way.

On the following pages there is a complete list of the cigar advertisers and their lineage in each Boston newspaper for the year 1931 and the first three months of 1932. The circulation and rates of each newspaper are quoted with a final summation of the expenditures for newspaper cigar advertising in the urban center of Boston.

K E Y

Newspaper	Synabel	Circulation		Line Rate	
		A.M.	P.M.	Local	Nat.
Boston Post	I	376,000		.40	.60
Boston Globe	II	142,000	153,000	.30	.50
Herald-Traveler	III	117,000	160,000	.28	.60
Bos. American	IV		260,000	.30	.50
Transcript	V		40,000	.20	.25
Daily Record	VI	260,000 (all day)		.26	.32
Sun. Post	VII	350,000		.32	.55
Sun. Globe	VIII	295,000		.35	.50
Sun. Herald	IX	120,000		.28	.50
Sun. Advert.	X	470,000		.30	.75

WEEKDAY
 LINAGE OF CIGAR ADVERTISING
 BOSTON 1931

	I	II	III	IV	V	VI
Blackstone	280	280	280	-	-	-
Rob't Burns	-	100	11986	-	-	-
Chas. Denby	1470					
Cremo	12400	12400	12400	13350	-	12400
Dutch Mas.	8950	-	9950	-	-	-
Elcho	320					
El Productor	18090	-	18090			-
Esta & Eaton	-	116	-	-	258	-
J.A.	6908	-	2356	-	2631	-
La Palina	5220	-	-	-	-	-
New Bach.	5400	-	-	-	-	-
Overland	4672	4477	4399	1641	2700	
Pippins	1292	1290	1222	1054	-	74
Webster	-	1300	-	-	-	-
White Owl	2900	300	-	300	-	-
Total	68902	20263	60863	16345	5589	12474
	I	II	III	IV	IV	VI
Cost	\$41,341.20	\$10131.50	\$30,431.50	\$8,172.50	\$1397.25	\$3321.68

WEEKDAY
 LINAGE OF CIGAR ADVERTISING
 BOSTON - 1932 (3 mo.)

	I	II	III	IV	V	VI
Rob't Burns	-	100	100	-	-	-
Dutch Masters	3355	-	3361	-	-	-
El Producto	1950	-	1950			
Fannell Hall	-	175	175	-	131	-
Henry George	3295	-	3280	-	-	-
J.A.	510	-	510			
J. Manning Co.	-	-	-	400	-	-
M.C.A.	150	-	140	-	-	-
New Bachelor	2400	-	-	-	-	-
Overland	720	1042	952	360	405	-
7-20-4	1560	1560	1560	-	1570	-
White Owl	<u>1854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	15854	2877	12028	760	2106	0
Cost	\$9,512.40	\$1438.50	\$6016.	\$380.	\$526.50	0

SUNDAY LINAGE OF CIGAR ADVERTISING
BOSTON 1931

	VII	VIII	IX	X
Armas del Casa	32	-	-	-
Bayuk	-	-	-	75
Bering	128	-	-	-
Robert Burns	-	10220	-	-
Coronation	128	-	-	-
Harvard	-	-	1061	-
La Corona	513	-	-	-
La Mora	64	-	-	-
Medalist	-	-	2002	-
Overland	128	-	-	-
Paulita	256	-	-	-
White Owl	-	-	-	5220
Wm. Penn	-	-	-	6606
Total	1249	10220	3003	11901
Cost	\$708.95	\$5110.	\$1501.50	\$8925.75

SUNDAY LINAGE OF CIGAR ADVERTISING
BOSTON 1932 (3 mo.)

White Owl	-	1875	-	1866
Total	0	1875	0	1866
Cost	0	\$937.50	0	\$1399.50

Summing up the receipts by each Boston paper there appears for 1931 an expenditure of \$111,711.83 in the combined weekly and Sunday editions for cigar advertising. The first quarter of 1932 shows a total of \$20,208.40 with very much less advertising on Sunday. Cigars, like other commodities, have found Sunday advertising poor and are spreading their budgets over a number of weekday inserts. The first three months are light in cigar advertising, so 1932 promises greater cigar advertising than 1931.

In answer to the question of how much the cigar manufacturers are spending on advertising, the following reasoning may be used. The Boston newspapers can be assumed to reach only Metropolitan Boston with a population of 2,300,000 people. According to the general average over the United States the number of cigars smoked per person was 46 in 1931, making a total of 105,800,000 cigars sold in Boston. At an average price of 7¢ the income from sales is \$7,406,000. Setting the newspaper advertising of \$111,711.83 as 50% of the total advertising costs for cigars, there is about \$220,000. spent to produce and continue the sales through advertising. This amount is 3.5% of the sales, which is very much lower than the apparent and spoken of advertising campaigns which are to bring cigars out of the slump.

In Boston the total linage of advertising has fluctuated as follows:

1929	-	327,127 lines	-(54 cigars per capita)
1930	-	385,002 "	-(49 " " ")
1931	-	222,995 "	-(46 " " ")

The actual fact is that the cigar manufacturers have bragged about how they have indulged heavily in advertising and at no time has their expense for this sales stimulator been in excess of 5% of sales. A few of the national brands have supported the advertising expense with heavy linage in newspapers and elsewhere, and very probably have spent more than is wise.

MAGAZINE ADVERTISING Magazine, like newspaper cigar advertising, appeals to a smoker at the time when it is desirable for him to smoke. He can remain in his restful mood and be fully affected by an insert in a magazine and therefore this medium offers a most satisfactory "suction" on the cigar consumer.

Magazines are chiefly national and cater to national advertisers. In attempting to reach the greatest portion of men the cigar manufacturer finds many of the magazines eliminated by virtue of their being women's, children's, or class magazines. Women's magazines alone have a circulation almost equal to the total of all other magazines sold, amounting to 18,353,520 in 1930. The weekly magazines have about the same circulation as general magazines and the

cigar manufacturer wants continual inserts and is forced to select the 8 weekly magazines for insertions.

In determination of how much of the magazine advertising is concentrated on the City of Boston, a circulation analysis shows 8.5% of the magazines sold in New England. According to food sales (See Appendix C) metropolitan Boston consumes 31.4% of the New England total and must, therefore, be held for slightly over 2.5% of the expenditure for cigar advertising in magazines, as food and tobacco sales are very similar in their percentage distribution.

The following table gives the cigar advertising in magazines for 1931:

CIGAR MAGAZINE ADVERTISING

1931

<u>Cigar Brand</u>	<u>Saturday Eve. Post</u>	<u>Collier's</u>	<u>Literary Digest</u>	<u>Country Gentleman</u>
Robert Burns	\$9,500.00	-	-	-
Wm. Penn	19,000.00	-	-	-
Between the Acts	14,000.00	\$9,625.00	-	-
Maribel	12,000.00	8,232.00	-	-
Rocky Ford	44,000.00	16,452.00	-	\$6,250.00
King Edward	36,000.00	-	-	10,000.00
Edwin	-	773.50	\$686.00	-
Del Peso	-	-	476.00	-
Old Timers	-	442.00	-	-
Total	\$134,500.00	\$35,524.00	\$1,162.00	\$16,250.00

Total of all magazines \$187,436.00

Total applicable to Boston 5,000.00

Tobacco trade magazines are full of cigar advertising, but as far as the consumer is concerned the advertising is of little value and only worth the distinction of having the trade informed. Expenditures of this sort are more or less compulsory, but the larger inserts are often attempts of small cigar manufacturers to make themselves look important in a magazine which reaches all the big tobacco dealers.

OUTDOOR ADVERTISING Billboard advertising may be seen each day by men going to and from work. In passing through the streets either in auto or on foot, the smoker is often consuming tobacco and will have his attention brought to what he is smoking or have his desire to smoke stimulated if he sees cigar advertising.

In placing cigar advertising it seems best to have about 6 or 8 boards per mile of travel unless you are able to see a large sign for a considerable period. Where there are a number of billboards along the route the copy may be altered so as to lead the consumer to understand what the brand name stands for. Different types of word combinations and color changes on outdoor advertising seem to sell more cigars than a group of the same posters scattered all over a section.

The advent of the neon sign has stimulated cigar advertising considerably. The initial cost of such a display is about \$4,000, with a rental of \$350 per month.

One predominant position on a high building, overlooking a thoroughfare, can keep the brand name of a cigar permanently in front of all who travel to work over that route. In Boston many of the main traffic lanes have at least one neon sign of some local cigar company, which is constantly in view. With a permanent sign of this nature the local cigar companies are able to strengthen their defensive position against the national brands which are forced to change copy and sell their brand characteristics. The older local brands have their quality taken for granted, and, as their object is to hold their customers, the cheapest way of reaching the most people with their brand name is through outdoor advertising. Thus, in Boston the J.A., 7-20-4, Harvard and Elcho cigars are heavy in their outdoor expenditures while the national companies with national policies cannot tie up their advertising flexibility with semi-permanent advertising investments.

In determining how much it is correct to spend for outdoor advertising and what has been spent, one is confronted with the intermittent expenditures and long coasting periods of cigar outdoor advertising. The time to feature cigar advertising was thought to be the period before Christmas, but it is felt that a donor and not an actual consumer of cigars is more affected by the advertising at that time than at any other. A burst of out-

door advertising will usually appear when a cessation of advertising exists in the newspapers and magazines. The cigar manufacturer fails to use all the media of advertising in their correct proportions and continually, but switches from one to another to keep expenses uniform. Outdoor advertising conveys an idea quickly with these policies of flashes, but different technique must be used if a general consistent program is to be carried out.

John Donnelly & Sons handles practically all of New England outdoor advertising service. Their concentration of poster boards and painted signs is based on the population and the number of passing people, and metropolitan Boston contains approximately 30% of their available space.

The type of advertising on the 24 sheet poster displays is illustrated in Appendix B. Though most of the copy has been in the nature of announcements there have been some signs which have created strong impressions. The White Owl display has adopted its newspaper form to establish knowledge of price changes and quality, and with its few words, has wedged firmly into the Boston market, as well as other centers, with newspaper and outdoor advertising chiefly.

The cigar accounts in outdoor advertising with John Donnelly & Sons show the following use:

J. A.	Continual Program	\$50,000 - \$75,000 per yr.
Cremo	3 months - 1929	\$10,000
White Owl	2 months -1930,1932	\$4,000 per year
Wm.Penn	2 months -1930	\$4,000
7-20-4	Continual Program	\$25,000 per year
Harvard	1929	\$35,000
Pippins	1930	\$15,000
Blackstone	2 months - 1929	<u>\$35,000</u>
3 year total		\$390,000
Yearly average		\$130,000
In metropolitan Boston		\$ 70,000 (est.)

A new feature in outdoor advertising, the trash can, has enabled cigar companies to get advertisements where they could not expect to squeeze any other form. On the busies and most crowded intersections a container for litter is usually placed and the four sides are neatly enameled with advertising copy. Though this is considered a strong advertising medium by some cigar manufacturers, others considered the association of a food or tobacco product with an "ash or garbage can" a degrading and harmful characteristic. Few people think of these litter cans as dirty, for their appearance is not

objectionable. In Boston a single face is rented for \$3.00 per month and the 7-20-4 cigar has two faces of each of 300 containers, which is an expenditure of close to \$20,000 per year.

The use of the street car and elevated railway advertising is not efficient enough for cigars. It is said that as high as 70% of the riders on these conveyances are women and children and the men who use this form of transportation are reading newspapers and not signs. It is helpful to induce the women to give cigars for presents at Christmas time, through the use of car cards, and though the average ride is 20 minutes with a car card, the mass audience is not composed of cigar consumers to a large enough proportion. Car cards serve as a good holding device for brand good will which has been developed, but cigar manufacturers are in no condition to be conservative.

Painted metal bulletin boards in subway and elevated stations are being used by 7-20-4 cigars in Boston at present. This expenditure of \$12,000 for one year (1931-1932) has been the only use of the service of the Eastern Advertising Company for four years. Formerly Blackstone, Harvard, Pippin, Peter Schuyler and J. A. cigars have used these facilities, but only Creme has suggested using this media in the future.

"Post no bills" prevents most people from putting up advertisements, but the foreign sections of

cities usually have buildings and alleys where small posters can be put up. Written in Chinese, Italian, Greek or Hebrew, many signs seem to have had their immediate effect on the sales of cigars in the neighborhood of the signs. Knowing that Chinamen like to be seen smoking a good cigar has enabled 7-20-4 cigars to have advertised its brand into popularity in the Boston Chinese district.

RADIO BROADCASTING At first radio advertisement of cigars was hardly a success because of the lack of knowledge as to what would affect the radio audience. It appeared that the real chance had come to tell the whole story about a cigar brand by word of mouth and clear the judgment of the consumer by open statements of fact. Soon it was discovered that radio listeners, like readers of newspapers, magazines and billboards, have a definite limit to the material they can digest mentally.

Recent radio broadcasting of cigar manufacturers had produced measurable and most unusual results. In a survey made by Professor Robert F. Elder of the Business and Engineering Administration Department of the Massachusetts Institute of Technology in 1931, the use of cigar brands was tested, and in separating the radio homes from the non-radio homes, there was a 42.4% gain in use of radio advertised brands of the former over the latter. The radio was guiding cigar purchases in radio homes to the brands which were advertised on

the radio. Those nationally distributed cigar brands which did not use the medium of radio for advertising showed losses. The following table gives the individual brand data for the combination of ten cities which were investigated:

Brand	Radio Advertising	% Gain in Radio Homes	% Loss in Radio Homes
Blackstone	$\frac{1}{2}$ hr.-p.m.-2/week	66.7	-
Cremo	$\frac{1}{4}$ hr.-p.m.-6/week	16.7	-
Dutch Masters	$\frac{1}{2}$ hr.-p.m.-1/week	64.7	-
El Producto	None	-	28.0
Henry George	$\frac{1}{2}$ hr.-p.m.-1/week	170.0	-
La Palina	$\frac{1}{2}$ hr.-p.m.-3/week	23.2	-
Robert Burns	$\frac{1}{2}$ hr.-p.m.-1/week	25.0	-
Miscellaneous	None	-	7.6

The effect of the radio is not easily questioned, as the survey quoted above was made only a few weeks after Cremo cigars commenced radio advertising and showed a distinct increase in consumption of Cremo in radio homes. Nevertheless, the actual power of radio to create the sales pressure which it claims is doubted by the newspapers and their reasoning may have considerable weight.

The American Newspaper Publishers Association in a survey made early in 1932 telephoned 28,947 homes between 8:30 and 9:30 P.M. to determine "Are they Listening?" On the basis of 100 typical American homes the following data was obtained:

51 homes have a radio

41 set owners are at home.

24 sets are turned on.

13 tune in on the best station.

5 listen to the second best station.

2 listen to the third best station.

8 were conscious of the brand being advertised.

The question then arises as to the interpretation of these two conflicting valid reports in the light of cigar advertising. Although the 24% of the homes which are listening to the radio may now know the name of the brand being advertised, they would have the name and qualities recalled to them when they look into a cigar counter to select their brand. Display and distribution in cigars converts the subconscious effect of advertising into actual cash purchases, so the fact that individuals cannot name the brand sponsoring a program is not of great moment in cigar marketing. Nevertheless, the newspaper investigation shows that only 51% of the telephone-owning homes have radio, and that the radio advertising is constantly missing well over half the market. The combination of a radio and a telephone in one home makes it apparent that the male member of the family can afford a ten-cent cigar and only that grade of cigar should be advertised. The five-cent cigar is meant primarily to appeal to the masses and therefore will not only miss its

real market but drag smokers of better grades into the cheaper class of cigars if radio advertising is used. A fine cigar cannot yet be made for five cents and until it can be, radio advertising of nickel brands seems a poor policy.

The type of material broadcast by cigar manufacturers has changed. At first local cigar companies found radio an efficient method of sampling and in one case offered a free pack of five to the first five letters which came into the radio station. This broadcast was made on July 3, the second poorest radio night in the year, and 12,800 letters came into the Boston station. By the time a smoker had consumed five cigars of one brand he easily acquired a taste for them and might stick to that brand in future purchases. Methods of this kind were soon dropped as being too extravagant and too selective.

The use of baseball scores was then adopted as a means of attracting men to the radio and announcement of the time has been found an inexpensive way for cigar advertisers to broadcast. When the national cigar advertisers took up music and high class entertainment, the local companies swung to local news and appealed to the men in small outlying towns through the small stations which concentrated their sports and news locally. In Boston the Yankee Network offered good

coverage for New England medium size towns.

Not all national cigar programs find it wise to broadcast in Boston. It is a cigar market which has held about 70% of its business in local hands, but to certain manufacturers this fact is a signal for vigorous advertising. The following table which was compiled from brand-mentioning replies to a questionnaire ("Does Radio Sell Goods?" by Professor Robert F. Elder of the Massachusetts Institute of Technology) indicates the degree of popularity which is held by various national and local cigar brands among telephone owners, but cannot, of course, give an index of the percentages of the market held by the individual brands. It reflects a degree of ten-cent cigar smoking which cigar manufacturers only wish were true.

CIGAR BRAND ANALYSIS FOR THE CITY OF BOSTON

APRIL - 1931

(These results are compiled from a questionnaire sent to 10,000 Boston telephone owners. The brands of nine commodities were sought along with magazine and radio information, with a total of 1,180 usable answers received.)

	<u>No Radio in Home</u>	<u>Total Homes with Radio</u>	<u>Total use of Brand</u>	<u>% Use of Brand</u>
Total Replies	201	1,609	1,810	-
Not used, no preference, or not specified	146	849	995	-
Corrected Total for cigars	55	760	815	-
Brands mentioned	65	918	983	100.0
La Palina	0	4	4	0.4
Henry George	1	13	14	1.4
Robert Burns	8	34	42	4.3
Cremo	3	36	39	4.0
El Producto	1	12	13	1.3
Blackstone	4	116	119	12.1
Dutch Masters	0	5	5	0.5
J.A. *	13	223	236	24.0
7-20-4	11	134	145	14.8
Overland	8	117	125	12.7
Miscellaneous	16	225	241	24.5

* J.A., 7-20-4 and Overland are local

The year of 1931 was very strong for advertising of tobacco products on the radio with \$7,200,000 expended compared to \$2,500,000 in 1930. For the calculation of the expense of radio advertising of cigars from Boston stations the national group may be supplemented with the announcement of baseball scores for the five month period by R. G. Sullivan, Inc., in 1930 and Alles & Fisher, Inc., in 1931, at \$200 per week. Time announcements were purchased by the Elcho cigar for six nights per week for twenty-six weeks at a total cost of \$2,340. Bayuk Cigars, Inc. has one-half hour per week for its Bayuk Stag Party over the National Broadcasting System which is more recent than the April 1931 radio survey.

It appears, therefore, that about six hours per week was devoted to cigar advertising in Boston in 1931, chiefly in half hour periods. Stations WNAC and WEEI are obtained for \$150 for thirty minutes and WBZ-WBZA for \$320. Entertainment talent may be figured as an addition of about one-third of the rental cost and summing up, as a rough estimate, metropolitan Boston had \$80,000 spent for radio advertising of cigars during 1931. This amount is almost the same as that spent on outdoor advertising and shows that the newspapers are not obtaining 50% of cigar advertising.

Cigar advertising, due to the increase in radio expenditures, may reach 6% of sales as an aver-

age. The public is now well aware that cigars are in the fight for tobacco supremacy and sales. The real test of the cigar will come in the next few years as advertising is finally on a sound basis and manufacturers are set to see whether the quick step of the nation will crush the use and appreciation of the finest of tobacco forms, the cigar.